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ADAPTING UK AND EU CORPORATE GOVERNANCE MODELS TO NIGERIA: A ROADMAP FOR M&A SUCCESS

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Abstract

The proposed expansion of cross-border mergers and acquisitions (M&As) within the Nigerian banking sector has remained hampered by structural weaknesses in the domestic corporate governance framework, undermining both the stability and longevity of these transactions. Despite the global ubiquity of governance challenges, issues specific to the Nigerian ecosystem, ranging from constrained board independence to weak shareholder protection and opaque regulatory oversight, necessitate a robust, comprehensive, and context-relatable framework capable of navigating complex M&A dynamics. The authors evaluated sustainable solutions to these governance deficits by assessing the adaptability of corporate governance models from the United Kingdom (UK) and the European Union (EU), jurisdictions, apparently selected premised on the fact that Nigeria's corporate law regime, is rooted in English common law and because both systems represent internationally recognised benchmarks of governance regulation. The paper maintained that a critical analysis of key statutory instruments, including the UK Corporate Governance Code, the UK Takeover Code, and the EU Shareholder Rights Directive, is in tandem with Nigeria's Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020, the Central Bank of Nigeria Corporate Governance Guidelines 2023, and the Nigerian Code of Corporate Governance.

Keywords: Cross-Border Mergers and Acquisitions; Corporate Governance; Nigerian Banking Sector; UK Corporate Governance; EU Corporate Governance

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1. Introduction

Over the course of the last two decades, M&A transactions have increasingly become an important aspect of the Nigerian financial landscape. Following the 2004 Nigerian banking reforms, there has been a steady increase in the rate of M&A transactions in Nigeria, especially owing to subsequent regulatory interventions which have been made in a bid to encourage corporate restructuring as a tool for both stability and healthy corporate competitiveness. Furthermore, considering the recent

expansion of Nigerian banks into the African economy, as well as their engagement in increasingly complex cross-border transactions, the principles of corporate governance overseeing these transactions continue to gain traction. Effectively implemented corporate governance principles in cross-border banking M&As have time and again proven to be of fundamental essence in the protection of the rights of shareholders, reducing information bottlenecks, as well as fostering improvements in decisional integration aimed at the support of long-term institutional health.¹

Notwithstanding the advantages noted above, poor implementation remains an issue with corporate governance in Nigeria, especially in banking M&A transactions. Issues such as weak due-diligence procedures leading to poor corporate information disclosure mechanisms between the merging entities, as well as the lack of uniformity in regulatory oversight, produce a myriad of problems which in turn affect the structure of these transactions. Additionally, political interference and poor enforcement of governance codes in financial institutions also remain key issues. Research shows that the poor enforcement of corporate governance principles is the deeper issue underlying post-merger conflicts between the parties, which could have otherwise been avoided. To better understand the severity of the problem, it therefore becomes compulsory to mirror what is available in Nigeria and bring it in direct comparison to what is obtainable in the United Kingdom and the European Union. Through the utilization of this comparative legal methodology, this paper provides a critical and systematic analysis of the key statutory instruments within the case study jurisdictions, such as the UK Corporate Governance Code, the UK takeover regime, and the EU Shareholder Rights Directive, in tandem with Nigeria's Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act (BOFIA) 2020, the Central Bank of Nigeria (CBN) Corporate Governance Guidelines 2023², and the Nigerian Code of Corporate Governance.³

The paper argues that while the theoretical modelling and adaptation of foreign governance systems may appear seamless in principle, significant practical constraints attend their application within the Nigerian banking system. In addressing this, we relied heavily on a doctrinal methodology utilizing

¹ M. Ogunbukola, "Banking Sector Reform in Nigeria: An Analysis of Consolidation Impact and Future Directions" (2024) *Research Gate Publication* ([PDF](#)) [Banking Sector Reform in Nigeria: An Analysis of Consolidation Impact and Future Directions](#) Accessed 20th November 2025.

² Banks and Other Financial Institutions Act 2020; Central Bank of Nigeria Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria 2023.

³ O. Makinde, "The Nigerian Corporate Governance Challenge: Inadequacy of Laws or Question of Enforcement?" (2021) *Research Gate Publication* ([PDF](#)) [The Nigerian Corporate Governance Challenge: Inadequacy of Laws or Question of Enforcement?](#) Accessed 20th November 2025.

a comparative examination of key statutory provisions across the highlighted jurisdictions. The resultant effect of this analysis aids the paper's provision of recommendations required to improve board effectiveness and enhance the promotion of a coordinated regulatory oversight in cross-border transactions within the Nigerian financial sector.

2. Literature review

Extensive academic scholarship examines corporate governance within the matrix of mergers and acquisitions, especially in certain geographies like Nigeria, where the financial market as an institution is still in its evolutionary state. Some perspectives that form a foundation for the ongoing discussion on the subject matter offer the description that corporate governance is a system which directs and controls the protection of stakeholders as well as promote accountability in several transactions such as M&As. Notable scholars which advance this perspective are Shleifer and Vishny, as they emphasise the role played by legal protections and board structures in shaping the behaviour of institutions during corporate restructurings. John and Ofek, in an M&A context, describe how deep weaknesses in these governance structures affect acquisitions as they diminish corporate value. An example would be when a board fails to adequately provide oversight into transactions of this nature, or when transactional values seem more aligned with personal interests other than those of the shareholders.⁴

In the United Kingdom, there is a considerable body of well-grounded literature which holistically evaluates the UK Corporate Governance Code. As referenced in the works of Cheffins and Davies, we see clearly detailed discussions on the principle-based nature of the reference code, especially in light of the influence it wields on building market discipline, transparency, and board effectiveness. Additionally, the UK Takeover Panel has also, in recent times, garnered quite the commentary, as both Kingsley and Iyoha explain the effect of this panel in encouraging market fairness, reducing issues of conflict of interest, and boosting confidence in the takeover market, especially as the world continues to integrate beyond geographical boundaries. Comparatively, in the European Union, the EU Takeover Directive, which although similar to the United Kingdom Takeover Panel presents a unique position in its highlight of mechanisms primarily designed to encourage shareholder

⁴ K. John & E. Ofek, "Asset sales and increase in focus" *Journal of Financial Economics* 37 105–126 Asset sales and increase in focus Accessed 20th November 2025.

participation, further disclosure obligations, and inadvertently foster the ideal of harmonisation of governance standards in cross-border transactions. According to the detailed research of Ventoruzzo, the EU Takeover Directive is a clear demonstration of how beneficial, efficient legal frameworks are in strengthening supervisory oversight, which ensures that M&A transactions meet its promised primary objective: market stability, shareholder protection, as well as institutional accountability.⁵

The Nigerian perspective presents an interesting position fraught with concerns and the persisting challenges continuously emphasized by scholars, notwithstanding the multiplicity of regulatory and statutory reforms. Akinola, in discussing these issues, focuses intently on weak enforcement, distorted board independence, and managerial dominance, which routinely subvert internal oversight mechanisms within Nigerian corporations. Additionally, a close look at the position held by Okike and Adegbite evidences that, indeed, boards within Nigerian corporations are seen to be in a constant tussle when it comes to maintaining genuine independence for a number of reasons. These reasons range from unilateral ownership structures to political influence and even limited professional autonomy. This opens the revelation that a latent defect not seriously considered in corporate governance failures in Nigeria is the frequent prioritization of short-term financial targets/goals by Nigerian banks, with the resultant effect being inconsistency in governance practices and limited commitment to long-term reforms. They also highlight issues around insider dealing, information asymmetry, and insufficient disclosure, among others, in both the pre-merger and post-merger phases.⁶

The available literature provides a deep insight into what benefits await Nigeria in its adoption of selected aspects of both the UK and EU governance models. If looked at literally, it is obvious that the direct transplantation of foreign governance models may seem quite tedious, especially where legal, cultural, and institutional systems are considered. However, Arena succinctly notes that an adaptive incorporation would prove more efficient, as external factors such as political commitment, regulatory capacity, and the corporate structure play a huge role in the success or otherwise of such

⁵ M. Venturuzzo, "Cross-Border Mergers, Change of Applicable Corporate Laws and Protection of Dissenting Shareholders: Withdrawal Rights under Italian Law" (2007) [Venturuzzo, M. \(2007\). Cross-Border Mergers, Change of Applicable Corporate Laws and Protection of Dissenting Shareholders Withdrawal Rights under Italian Law. Penn State Legal Studies Research; Bocconi Legal Studies Research Paper No. 16; European Company and Financial Law Review \(ECFR\). - References - Scientific Research Publishing](#) Accessed 20th November 2025.

⁶ E. Okike and E. Adegbite, "A review of internal and external influences on corporate governance and financial accountability in Nigeria" (2015) [University of Birmingham 10 \(2\) Okike et al Review of internal and external influences 2015 Post Print.pdf](#) Accessed 21st November 2025.

adaptation. There are also comparative writings by McCahery who states that “corporate governance harmonisation demonstrates how shareholder engagement mechanisms within the Shareholder Rights Directive improve oversight and reduce director misconduct”. Indeed, there are fragments of the elements of this position that hold true for the Nigerian banking sector, where shareholder activism remains largely nascent or subdued.⁷ Other scholars like Armour and Kraakman hold fast to more distinct features within the larger context of the corporate governance conversation. In their opinion, issues around disclosure form the most important component of building or upholding other principles held by corporate governance, as they note that jurisdictions which emphasize this key area are less prone to the anomalies of post-merger conflicts. Supporting this view is Ngwobia, who, from a Nigerian perspective, identifies that weak reporting standards and consistency of non-compliance are key agents of the majority of challenges faced in M&A negotiations as well as post-acquisition integration. He moves on to emphasize that although one may choose to turn a blind eye to these occurrences, they are, in fact, the reality, especially when brought within the context of international expectations and realities.⁸

Interestingly, despite the abundance of literature on the subject matter, there are several important research gaps which remain at the forefront of this discussion. First to be considered would be the lack of adequate discussion surrounding effective adaptation models for the Nigerian banking sector in terms of mirroring, to a certain level of domestic allowance what is currently obtainable in other foreign jurisdictions. To compound the issue is the lack of relatability of available recommendations to the cross-border M&A transactional terrain currently applicable in Nigeria. One may even question to what extent these high-end principles can match the Nigerian reality. Secondly, the issue of over-examination of institutional weaknesses, without adequately providing any form of linkage to M&A outcomes in Nigeria, or how the fragmentation of already established institutions such as the SEC, CBN, and the FCCPC aid the poor structure of cross-border M&A transactions in Nigeria. Ultimately, there remains a distinct lacuna regarding a coherent, holistic study offering a clear path of recommendations to policymakers and regulators to aid the improvement of governance in Nigerian banking M&As while ensuring their compatibility with the constraints faced by Nigerian

⁷ J.K. McCahery, “Comparative Corporate Governance and the Theory of the Firm: The Case Against Global Cross Reference” (1999) *Miami Law Institutional Repository* 38 (213) "[Comparative Corporate Governance and the Theory of the Firm: The Case " by William Wilson Bratton and Joseph K. McCahery](#) Accessed 21st November 2025.

⁸ E.U. Ngwobia, “Harmonization of Accounting Policies and Frameworks: Issues and Challenges for A Developing Economy “ (2025) *International Journal of Social Sciences and Management Research* 6 (11) [HARMONIZATION OF ACCOUNTING POLICIES 577-589.pdf](#) Accessed 22nd November 2025.

institutions. It is therefore in light of these gaps that this research proves useful as it utilizes a doctrinal cum comparative approach of the UK and EU to review the Nigerian governance framework while proposing a realistic structure for the improvement of governance outcomes in Nigerian banking mergers.⁹

3. Research methodology

The study used a doctrinal legal research methodology to critically examine how to carry out an effective adaptation of corporate governance models in the United Kingdom and the European Union to encourage a steady improvement of governance outcomes in Nigerian banking mergers and acquisitions. The choice of this methodology is predicated on the premise that the ideal of corporate governance in M&A transactions is the product of statutory rules, institutional structures, regulatory practices, judicial interpretations, and policy considerations.¹⁰ The research methodology lends room for a detailed analysis of the frameworks that govern corporate governance as well as M&A transactions in Nigeria and the case study jurisdictions. This methodology primarily includes a thorough examination, interpretation, as well as a blend of legal materials spanning statutory provisions, regulatory guidelines and judicial interpretations.

Guided by the perspective of the doctrinal approach, a comparative overview is also employed to identify the structural limitations and distinct features available within the case study jurisdictions and the extent of efficiency same may be adopted in Nigeria. As earlier observed in the literature review, the scholarly works of Paul Davies, Luca Enriques, and others have become particularly useful in the thematic discourse, as their observations expand beyond geographical limitations into a more inter-jurisdictional socio-economic context to determine effectiveness, suitability, and sustainability. The comparative aspect of the research methodology is necessary, as it highlights the predictability and effectiveness of corporate governance in the UK and the EU.¹¹

⁹ F. Petropoulos, "Forecasting: Theory and Practice" (2022) *International Journal of Forecasting* 3 (28) [Forecasting: theory and practice - ScienceDirect](#) Accessed 22nd November 2025.

¹⁰ P.I. Bhat, "Doctrinal Legal Research as a Means of Synthesizing Facts, Thoughts, and Legal Principles" (2020) *Oxford Academic Journal Doctrinal Legal Research as a Means of Synthesizing Facts, Thoughts, and Legal Principles | Idea and Methods of Legal Research | Oxford Academic* Accessed 22nd November 2025.

¹¹ P. L. Davies, "Corporate Boards in Law and Practice: A Comparative Analysis in Europe" (Oxford University Press 2013) [Corporate Boards in Law and Practice: A Comparative Analysis in Europe | Oxford Academic](#) Accessed 20th November 2025.

4. Nature and scope of corporate governance in mergers and acquisitions

If considered carefully, we can bring to visibility the fact that cross-border M&As indeed require a clear set of corporate governance rules, seeing as they involve high cadre decision making process, possess potential conflict tendencies, and, more importantly, involve the core need of control rights. To this end, for a governance framework to be effective, it must meet certain criteria, including intelligent and holistic board oversight, timely information disclosure, decision-making transparency, and predictable regulatory supervision.¹²

Owing to these realities, it then becomes imperative to analyse what benchmarks the UK and the EU have in store for Nigerian financial institutions in cross-border M&A transactions. The primary objective of this comparative analysis is to decipher how the structure, enforcement, and coordination of corporate governance principles contribute to transparency in M&As.

4.1. Governance Challenges in Nigerian Cross-Border M&As

The potent nature of these weaknesses is more evident in their influence on the quality of due diligence, regulatory approval predictability, and investor protection during the M&A transactions. To buttress this point is Akinsola's opinion of the entire issue, which states unequivocally that often, the corporate governance challenges faced in Nigeria are an offshoot of the poor enforcement of the disclosure obligations, which altogether become more evident in cross-border M&As.¹³

I. Board Responsibilities and Independence

The success of M&A transactions no doubt begins with the board of directors, which plays the essential role of assessing the potential risks and due diligence procedures associated with M&A transactions. In Nigeria, this presents a unique perspective, as there are questions about the

¹² L. Yu, T. Bai, "Overcoming the liability of origin by hiring foreign independent directors: Evidence from Chinese firms' cross-border M&As" (2024) *Journal of World Business* 59 (2) [Overcoming the liability of origin by hiring foreign independent directors: Evidence from Chinese firms' cross-border M&As - ScienceDirect](#) Accessed 23rd November 2025.

¹³ O.K. Akinsola, "Navigating Legal Complexities in Mergers and Acquisitions: Key Legal Strategies and Regulatory Requirements" (2025) *Research Gate Publication* [\(PDF\) Navigating Legal Complexities in Mergers and Acquisitions: Key Legal Strategies and Regulatory Requirements](#) Accessed 24th November 2025.

independence of several boards in both public and private companies alike. Some key elements of this questionable dependence are the presence of dominating, influential shareholders, political interference, management-oriented directors, among others. According to Opara, Nigeria's corporate structure is characterized by a sense of unilateral ownership, as shareholders in the majority hold a significant level of influence over who gets appointed to the board, thereby significantly compromising the independent decision-making capacity of the board of directors, who in turn have a sense of appointee allegiance.¹⁴

Additionally, although statutes like the Companies and Allied Matters Act and the Nigerian Code of Corporate Governance exist, enforcement remains largely inconsistent and lacks a fair degree of harmonisation. To further compound this challenge is the limited training made available to some directors on the complexities surrounding the cross-border nature of M&As. While in Nigeria independent directors seem to be more of a choice than a mandatory requirement, the UK Corporate Governance sets a standard on what proportion of directors should be independent, while placing an emphasis on the need for both board evaluation and accountability. This distinction in enforcement makes it more pronounced that if Nigeria is to strengthen its board structure, it must first learn to observe what is applicable in developed nations and effectively adopt such strategies to the extent that its realities may permit.¹⁵

II. Shareholder Rights and the Protection of Minorities

Effective governance requires the institution of mechanisms channelled towards protecting minority shareholders from the abusive tendencies of unequal treatment in acquisition procedures. As a country with low shareholder activism, there are issues around the limited level of enforcement of shareholder remedies. Available remedies such as derivative actions and unfair prejudicial conduct are underutilized due to the high cost of litigation, judicial response delays, and the chief limitation of awareness.¹⁶

¹⁴ L.C. Opara, "The Legal Regime of Corporate Governance in Nigeria: A Critical Analysis" (2014) *Journal of Law, Policy and Globalization* 26 [14157](#) Accessed 24th November 2025.

¹⁵ O. Goodtime, "Examining Corporate Governance in Nigeria under the Companies and Allied Matters Act 2020 and the Nigerian Code of Corporate Governance 2018: The Way Forward" (2021) *Journal of International Law and Jurisprudence* 7 (1) [Examining Corporate Governance in Nigeria under the Companies and Allied Matters Act 2020 and the Nigerian Code of Corporate Governance 2018: The Way Forward](#) Accessed 24th November 2025.

¹⁶ T. Mehraj, "Concept of Governance. An Introduction" (2020) *Research Gate Publication* [\(PDF\) Concept of Governance. An Introduction](#) Accessed 25th November 2025.

In banking M&A transaction's minority shareholders are scarcely provided with enough information to form solid opinions on the fairness of a transaction as such investors with a more personal interest-aligned motive tend to rely on this unawareness to conclude these transactions. Comparatively speaking, both the provisions of the UK Takeover Code and the EU Takeover Directive are unambiguous regarding the equal treatment of shareholders, bid obligations, and the transparency of acquisition terms. The purpose of these instruments is geared towards alleviating the disadvantages posed to minority shareholders in transactions of this nature. Similarly, the lack of such a mechanism in Nigeria ultimately weakens the fairness of M&A transactions.¹⁷

III. Disclosure and Transparency Issues in M&As

Transparency undoubtedly remains an important aspect of corporate governance, and non-compliance with its demands presents considerable challenges. In Nigeria, the concept is robust in theory but suffers from an implementation deficit in practice. The bureaucracy of information dissemination between management and shareholders in M&A procedures continues to be a cog in the wheel. First off, the Securities and Exchange Commission mandates that information on financial performance and structure whether proposing material changes or not is to be disclosed. This mandate however, is followed by an even weaker enforcement standard. The real question remains what happens in the case of non-disclosure.

According to Akinsola, the Nigerian corporate commercial structure most often would adopt the concept of compliance-in-form, rather than a compliance-in-substance approach. The implication of is that corporate organisations are more focused on treating regulatory obligations as a mere box-ticking exercise and fail to align such disclosure with any engagement of substance. In the long term, acts of this nature have been discovered to impeach investor confidence and weaken pre- and post-merger procedures. In the UK and EU, concepts like timeliness and details go hand in hand in disclosing any information on acquisitions. As far as their statutory provisions are concerned,

¹⁷ Private Equity Bro, "Minority Shareholders in Mergers and Acquisitions: Legal Frameworks and Rights" [Minority Shareholders in Mergers and Acquisitions: Legal Frameworks and Rights | Private Equity Bro](#) Accessed 25th November 2025.

announcements, documentary evidence, and continuous updates are all mandatory. These standards reduce risks associated with insider trading and other disadvantages in M&As.¹⁸

IV. Regulatory Fragmentation and Oversight Challenges

With multiple agencies managing M&A transactions in Nigeria, the process is harder to keep track of because they seem to uphold overlapping mandates. The CBN,¹⁹ SEC,²⁰ FRC,²¹ and FCCPC²² all review different aspects of the transactions. The CBN regulates the banks, while the SEC oversees public companies and capital market transactions, the FRC manages the disclosure of financials, and the FCCPC reviews the competition aspects of M&As. Although presented as a clear definition of roles, the absence of a combinative structure overseeing M&As solely delays the process and leads to conflicts of interpretation and other compliance inconsistencies.²³

Akinsola holds the firm position that this fragmentation leads to the greatest destruction of M&As which is “uncertainties”, as they bear the capacity to disparage and complicate the whole procedure. Unlike the United Kingdom, which, through its Takeover Panel, provides a mechanism for managing M&As and ensuring compliance, Nigeria’s poor accountability procedure does not weaken the possibility of accountability and causes a diffusion of responsibilities across the established agencies.²⁴

4.2 The UK Corporate Governance and M&A Framework

The United Kingdom holds one of the most developed and respected structures of corporate governance, especially, in M&A transactions. Generally, the United Kingdom’s framework for corporate governance is a strong combination of statutory regulation, self-regulatory codes, and enforcement mechanisms, all geared towards creating transparency in transactions and promoting the equal treatment of shareholders. A major statutory pillar of this framework is the Corporate

¹⁸ O.K. Akinsola, “Navigating Legal Complexities in Mergers and Acquisitions: Key Legal Strategies and Regulatory Requirements” (2025) *Research Gate Publication* ([PDF\) Navigating Legal Complexities in Mergers and Acquisitions: Key Legal Strategies and Regulatory Requirements](#) Accessed 24th November 2025.

¹⁹ The Central Bank of Nigeria.

²⁰ The Securities and Exchange Commission.

²¹ The Federal Reporting Council.

²² The Federal Competition and Consumer Protection Commission.

²³ G. Onyedinefu, “CBN opposes SEC’s ‘absolute powers’ to regulate public companies” (2024) [CBN opposes SEC's 'absolute powers' to regulate public companies - Businessday NG](#) Accessed 24th November 2025.

²⁴ O.K. Akinsola, “Navigating Legal Complexities in Mergers and Acquisitions: Key Legal Strategies and Regulatory Requirements” (2025) *Research Gate Publication* ([PDF\) Navigating Legal Complexities in Mergers and Acquisitions: Key Legal Strategies and Regulatory Requirements](#) Accessed 24th November 2025.

Governance Code. This Code establishes principles of board composition, accountability, and even decision-making. Another important feature of this Code is how it mandates board independence; in this case, companies are required to significantly maintain a required number of non-executive directors who provide board oversight and ensure that shareholder rights are adequately protected, especially in M&A transactions. Authors like John Armour hold the view that independent directors indeed help improve board deliberations and reduce managerial opportunism.²⁵

Aside from these general codes, the UK also has a specific code for M&As: The Takeover Code, which is enforced by the Takeover Panel. The Code states that all shareholders are treated in a fair manner during M&A transactions. One such enforcement principle is the mandatory bid rule. This rule mandates that any party that opts to obtain control of a company first make a formal offer to all the remaining shareholders at an equitably fair price. The resultant effect of this rule is that shareholders are protected from bullying and subsequent abusive practices that may result from M&A procedures. In light of this, the Code also enforces the timely disclosure of information (material or otherwise) to shareholders, with the aim of creating awareness strong enough to make strategic decisions. To implement its rules of Takeover conduct, the Panel is able to issue binding rulings, resolve disputes and impose sanctions in cases of non-compliance.²⁶

The UK system is strongly hinged on accountability as a core determinant to its success. Boards are saddled with the responsibility of providing transparent disclosure, strategic risk management, and financial performance monitoring, all while remaining effective and independent in their role as the board. Laurence Ferry argues in favour of this interconnectedness of oversight, disclosure obligations, and regulatory supervision, creates a trust environment, sustainability, and reliability, thereby boosting investor confidence in high-end transactions such as M&As in cross-border banking transactions.²⁷

²⁵ B. Adeyemi, "The Nigerian code of corporate governance, 2018" [The Nigerian code of corporate governance, 2018 - Businessday NG](#) Accessed 25th November 2025.

²⁶ The Takeover Code, "Companies to Which the Code Applies" [Companies to which the Code applies – The Takeover Panel](#) Accessed 25th November 2025.

²⁷ L. Ferry, "Democracy, accountability, accounting and trust: A critical perspective reflecting on a UK Parliamentary inquiry into the role of government accounts" (2024) *ScienceDirect Journal* 99 [Democracy, accountability, accounting and trust: A critical perspective reflecting on a UK Parliamentary inquiry into the role of government accounts - ScienceDirect](#) Accessed 25th November 2025.

4.3 The European Union's Corporate Governance and M&A Framework

The EU is considered one of the most sophisticated in terms of its corporate framework, as it has over time harmonized its rules on Mergers and Acquisitions across its member states, centring them on shareholder protection, transparency, and market efficiency. Unlike the UK system, which is heavily dependent on self-regulation through its Corporate Governance Code, the EU focuses on binding directives and the harmonization of standards to maintain a level of consistency across all its sub-jurisdictions. Considering this, the research focuses on the Shareholder Rights Directive and the Takeover Directive.

The Shareholder Rights Directive emphasizes shareholder engagement, transparency, and ensuring that boards take decisions that are in the interest of the company and its investors. It also strengthens the need for shareholder participation in decision-making not just as a bystander but as an evaluator and approver in M&As. To monitor compliance, companies are required to provide detailed information on their decision-making process, financial performance that was or should have been taken into consideration by the Shareholder in the decision-making of the acquisition. These highlight the effect of these provisions in enhancing the core principles of corporate governance and ensuring alignment with the company's interests.²⁸

Complementing the provisions of the Shareholder Rights Directive is the EU Takeover Directive, which focuses on public company takeovers across its member states. As with that of the UK, it includes a mandatory bid rule, which ensures that all shareholders, regardless of minority status, are treated equitably throughout the acquisition process and that there is full disclosure of the terms and conditions governing the takeover process. Interestingly, the Directive also serves as a sort of negotiation handbook, clarifying how negotiations should be conducted, at what time announcements should be made, ensuring that the playing field is level, and providing investors with the confidence that their rights will be protected regardless of which member states they engage in business with.²⁹

In hindsight, coordinated oversight remains a benefit of the EU legal framework. Member States, therefore, in line with the directives provided, adopt rules that are aligned with what is collectively

²⁸ Finance Watch, "Unlocking Transition Engagement for Shareholders" (2024) [Policy-Brief-SRD-II-Final.pdf](#) Accessed 25th November 2025.

²⁹ A. Jones, "The Shareholder Rights Directive II" (2019) *Harvard Law School Forum on Corporate Governance* [The Shareholder Rights Directive II](#) Accessed 26th November 2025.

obtainable while retaining limited flexibility to reflect regulations in terms of the realities present. This balance allows the EU not only to promote high standards of governance but also to accommodate variations in legal systems.

4.4 Comparative analysis (The UK & EU and Nigeria)

The UK and EU both present deeply rooted structures of corporate governance that serve as support for strong board performance, predictable disclosure practices, and efficient regulatory oversight. Comparatively, the Nigerian framework, although founded on the provisions of CAMA, the SEC Code of Corporate Governance 2018, the CBN Regulations, creates room for discussions on institutional weaknesses, fragmented oversight, and poor enforcement. Hence, a combined overview of the issues offers the enabling foundation to discuss in detail what reforms Nigeria can realistically adopt to strengthen board effectiveness and corporate governance principles in banking M&A transactions. In essence, the frameworks examined, from the UK Corporate Governance Code and the EU Directives to the Nigerian Code of Corporate Governance, require an intentional translation model rather than raw legal transplantation. What is proposed, therefore, is best described as a model of legal hybridity or localisation: foreign governance mechanisms are not imported wholesale but are consciously re-engineered to fit Nigeria's political economy, in which concentrated shareholding structures, informal power networks, and uneven regulatory capacity determine how formal rules operate in practice.

The table below synthesises how each jurisdiction treats the core governance parameters examined in this study, and sets out the corresponding adaptation roadmap proposed for Nigeria.

Governance Domain	United Kingdom (UK)	European Union (EU)	Nigeria (Current Reality)	Proposed Adaptation Roadmap
Takeover Oversight	Centralised, highly agile Takeover Panel issuing swift, binding rulings.	Harmonised via the Takeover Directive across member states.	Fragmented between the CBN, SEC, FCCPC and FRC.	Establish a Joint Regulatory M&A Committee (JRC) to serve as a single-window clearing house.
Board Independence	Strict “comply or explain”	Directives mandate clear	Dominant majority	Enforce statutory mandates for

	standard; emphasis on independent non-executive directors (INEDs).	director duties and stakeholder protection.	shareholders and political appointee allegiance.	INED ratios with strict CBN fit-and-proper verification.
Minority Rights	Mandatory bid rule protects minority owners during change of control.	Standardised under the Shareholder Rights Directive.	Underutilised remedies due to costly and slow judicial processes.	Codify clear, fast-tracked statutory buyout rules for minority shareholders in banking M&As.

I. Regulatory Oversight During M&A Processes

The models of the case study jurisdictions in contrast to Nigeria offer a showcase of unity, efficiency, accountability and predictability. And while this may seem a little out of reach for the Nigerian financial sector in its cross-border M&A transactions, it is possible that Nigeria can develop a coordinated committee for banking M&As which would be a compendium of the SEC, CBN and FCCPC. The essence of this compendium would be to review timelines and manage M&A expectations in cross-border transactions.³⁰ Rather than creating an entirely new agency, which would only add a further layer of bureaucracy, this coordinated structure is best conceived as a Joint Regulatory M&A Committee (JRC) operating as a single-window clearing house for banking M&As, with a designated lead regulator for each category of transaction: the SEC for public takeovers and the CBN for prudential banking matters. Modelled on the agility of the UK Takeover Panel, the JRC would harmonise approval timelines, resolve conflicting directives among the CBN, SEC, FCCPC and FRC, and issue swift, coordinated rulings while a transaction is live.

II. Nigerian Case Illustrations: Due Diligence and Board Dominance in Practice

The consequences of weak due diligence and board dominance are not merely theoretical; they are written into the recent history of Nigerian banking consolidation. The 2004/2005 consolidation wave, driven by the Central Bank of Nigeria’s N25 billion recapitalisation directive, compressed

³⁰ W. White, K. Palms. L. Ford, and A. Sackey, “UK: Enforcement Trends 2024” *DLA Piper* [UK: Enforcement trends 2024 | DLA Piper](#) Accessed 26th November 2025.

eighty-nine banks into twenty-five through a series of hurriedly executed mergers. The special examination conducted by the CBN in 2009, however, revealed that several of the consolidated institutions, including Intercontinental Bank and Oceanic Bank, were gravely undercapitalised and carried vast portfolios of non-performing loans that had not been surfaced during pre-merger due diligence, while dominant chief executives had effectively neutralised board oversight. The former Governor of the CBN expressly identified failures in corporate governance among the principal causes of the ensuing crisis.³¹ These events demonstrate, in concrete terms, how deficient pre-merger due diligence and unchecked board dominance translate directly into post-merger failure.

The merger of Access Bank Plc and Diamond Bank Plc, completed in March 2019 through a court-sanctioned scheme of merger approved by both the CBN and the SEC, offers a more encouraging counterpoint. Extensive pre-merger due diligence crystallised approximately N150 billion of additional impairments on Diamond Bank's non-performing loan book before completion, so that asset-quality problems were confronted prior to, rather than discovered after, the closing of the transaction.³² The transaction, which produced one of the largest banks in Africa by customer base, illustrates that where governance discipline is observed, integration proceeds on a foundation of verified information.³³

III. Post-Merger Integration and Governance Continuity

It must also be acknowledged that governance failures in Nigerian banking M&As frequently peak after the deal closes rather than before it. The post-completion phase is characteristically marked by cultural clashes between the merging institutions, board power struggles over the composition and control of the enlarged entity, and the belated discovery of non-performing loans and other concealed liabilities.³⁴ In the UK and the EU, governance is treated as a continuing obligation which does not terminate upon regulatory approval of the transaction. The lesson for Nigeria is that its regulatory framework should extend beyond the approval of the deal into the integration phase itself,

³¹ S.L. Sanusi, "The Nigerian Banking Industry: What Went Wrong and the Way Forward" (Convocation Lecture, Bayero University, Kano, 26 February 2010) BIS Review 49/2010 <https://www.bis.org/review/r100419c.pdf> Accessed 5th August 2026.

³² Access Bank Plc, "Access Bank – Diamond Bank Merger Update: Investor Presentation" (January 2019) <https://www.accessbankplc.com> Accessed 5th August 2026.

³³ The Nation, "Court Seals Access Bank, Diamond Bank Merger" (2019) <https://thenationonline.net/court-seals-access-bank-diamond-bank-merger/> Accessed 5th August 2026.

³⁴ S.L. Sanusi, "The Nigerian Banking Industry: What Went Wrong and the Way Forward" (Convocation Lecture, Bayero University, Kano, 26 February 2010) BIS Review 49/2010 <https://www.bis.org/review/r100419c.pdf> Accessed 5th August 2026.

through mandatory post-integration governance reviews conducted at twelve-month and thirty-six-month intervals following completion, so that compliance-in-substance, and not merely compliance-in-form, is verified once the merged institution is in operation.

4.5 Adapting the UK and EU Models to Nigeria: A Practical and Realistic Roadmap

To begin with, it is the improvement of corporate governance standards in Nigerian banks during M&A procedures. The UK and EU place a strong emphasis on the availability and efficiency of directors' independence as well as their capability towards the assessment of merger proposals void of undue influence from majority shareholders, management and stakeholders. Through the SEC Code and CBN Guidelines, it is evident that Nigeria already integrates a level of independence, but enforcement remains shackled, which in turn compromises the effectiveness of these provisions. A practical adaptation would involve mandatory independent oversight during M&A reviews, possibly through a specialised committee within each bank composed of directors with no affiliations with potential merger partners. This structure need not replicate the UK model entirely, but it should guarantee sufficient distance between decision-makers and controlling shareholders, creating room for objective evaluation.³⁵

Another area worthy of note is the Nigerian financial sector's need for disclosure practices and the transparency expected during merger negotiations. As previously emphasized, the UK Takeover Code and EU rules on transparency clarify that predictable and timely disclosure is the backbone of a credible market. Nigeria's legal system contains disclosure obligations, yet the gap between the law and real practice often results in delayed announcements, incomplete information, or inconsistent updates to investors. A more realistic adaptation would involve a structured disclosure timetable specific to banking mergers, backed by clear sanctions and coordinated oversight between the SEC and the CBN. Rather than duplicating European standards, Nigeria can create a simplified but reliable disclosure protocol that compels banks to release material information at defined stages

³⁵ Dr. A. Afolabi, "Corporate Governance in the Nigerian Banking Sector: Issues and Challenges" (2015) *European Journal of Accounting Auditing and Finance Research* 3 (5) [Corporate-Governance-in-the-Nigerian-Banking-Sector.pdf](#) Accessed 26th November 2025.

of a proposed merger, improving the quality of public information available to investors and regulators.³⁶

Regulatory coordination is another area where the UK and EU models offer valuable guidance. In the UK, the presence of a clearly identifiable authority, the Takeover Panel, reduces confusion and accelerates regulatory approvals. The EU, although operating across multiple jurisdictions, still maintains a harmonised structure that guides information handling, shareholder rights, and supervisory cooperation. Nigeria's regulatory institutions: SEC, the CBN, the FCCPC, and others which leads to overlapping mandates and procedural delays. A feasible reform would be the establishment of a joint supervisory committee for banking M&As, which comprises representatives from the key regulators. This body would not replace existing agencies but would serve as the required central point for the screening, coordination, and monitoring of M&A activities.³⁷ Consistent with the lead-regulator model proposed in section 4.5.1 above, this joint supervisory committee should operate as a single-window clearing house, with the SEC taking the lead on public takeovers and the CBN on prudential banking matters.

Shareholder protection is also another important aspect. Primarily, the UK and EU framework rules on safeguarding minority interests, particularly during changes in control, are quite clear. By contrast, Nigeria's statutory provisions recognise minority rights, yet enforcement is seemingly snail-like. Accessible remedies centred on expedited review procedures before the Investment and Securities Tribunal for merger-related disputes bear accountability, uprising, and risk-reduction tendencies. Additionally, the introduction of a modified version of the mandatory bid rule, adapted to the realities of Nigeria's ownership structure, could, if wielded properly, enhance fairness without the discard of reality.³⁸

It is true, that legal transplants are rarely successful when applied blindly, as even judicial precedents are only successfully applied following a thorough distinction of the merits of each case. Therefore, this offers a form of context on the prefer-ability of selective adaptation. Faced with

³⁶ M. Ogunbukola, "Banking Sector Reform in Nigeria: An Analysis of Consolidation Impact and Future Directions" (2024) *Research Gate Publication* (PDF) [Banking Sector Reform in Nigeria: An Analysis of Consolidation Impact and Future Directions](#) Accessed 26th November 2025.

³⁷ M. Stanley, "International Regulatory Cooperation", [Understanding Regulation - International Regulatory Cooperation](#) Accessed 26th November 2025.

³⁸ J. Hardman, "An institutional analysis of UK ostensible minority shareholder protection mechanisms" (2023) *Journal of Corporate Law Studies* 23 (2) [Full article: An institutional analysis of UK ostensible minority shareholder protection mechanisms](#) Accessed 27th November 2025.

institutional capacity constraints and a non-compliance culture, which differ significantly from the UK and EU environment, the roadmap must therefore emphasise gradual implementation, regulator training, strengthening the judiciary's capacity to handle corporate disputes, and improving internal governance systems within banks. These measures do not require a complete redesign of Nigeria's corporate governance regime; rather, they reinforce existing frameworks by aligning them more closely with international practices that have proven effective in stabilising financial markets.³⁹

5. Findings and Discussion

The comparison between Nigeria and the systems used in the United Kingdom and the European Union brings out a number of practical observations that help explain why banking mergers in Nigeria often face difficulties. Nigeria has updated many of its rules over the years, and if one looks at the laws alone, the country does not appear to be far behind global standards. The challenges become clearer when one pays attention to how these rules work in real life. Banks that go through merger processes still deal with delays, unclear decision-making, and uncertainty about which regulator has the final say. These are signs that the institutions responsible for implementation still struggle with consistency and capacity.

Overall, the findings show that the major issues in Nigeria are not caused by a lack of laws. The real problem lies in how these laws operate within an institutional environment that is still adjusting. Improvements in enforcement, board practices, transparency, and cooperation between regulators would help to strengthen governance. Nigeria does not need to copy the UK or EU entirely. It can borrow the parts that address its most pressing problems and adapt them in a way that suits local realities.

These findings have important implications for the future of the banking sector. Weak governance increases the chances of poorly planned mergers, reduces public confidence, and may affect financial stability. Stronger governance creates trust and helps banks gain more value from merger arrangements. With gradual and well-considered reforms inspired by practices in the UK and EU, Nigeria can move toward a system that supports more credible and stable merger outcomes.

³⁹ P. B. Potter, "Selective Adaptation and Institutional Capacity: Perspectives on Human Rights in China" (2006) *JSTOR International Journal* 61 (2) [Selective Adaptation and Institutional Capacity: Perspectives on Human Rights in China on JSTOR](#) Accessed 27th November 2025.

6. Conclusion and Recommendations

A comparison of Nigeria with the United Kingdom and the European Union demonstrates that the principal deficiency does not lie in the substance of the rules themselves. Nigeria already possesses a substantial body of legislation governing banking mergers; the difficulty lies chiefly in the manner of implementation. In the UK and EU, regulators have earned considerable public trust; their decisions are predictable, and market participants understand clearly how the system operates. That predictability facilitates smoother merger processes and strengthens investor confidence. In Nigeria, by contrast, enforcement is often protracted or inconsistent, boards frequently fall short of genuine independence, and the flow of information can be irregular. These deficiencies complicate the execution of mergers and progressively erode trust in the entire system.

Nigeria need not replicate the UK or EU models wholesale. Rather, it can identify the elements that have proven effective and adapt them to its own circumstances. Boards require institutional support to act independently and to challenge management where necessary; banks should disclose information promptly and candidly; regulators must coordinate more closely so that banks understand what is expected of them; and minority shareholders deserve clear and accessible avenues for the protection of their interests.

Three key policy recommendations flow from this analysis. First, a regulatory single-window mechanism should be created: an inter-agency M&A clearing framework between the CBN, the SEC, and the FCCPC that harmonises approval timelines and eliminates conflicting guidelines. Secondly, mandatory pre-disclosure of material information should be entrenched, requiring dual-layer due diligence sign-offs covering both financial and governance audits, verified by independent external auditors before final M&A approval is granted. Thirdly, post-merger governance audits should be instituted, in the form of mandatory post-integration governance reviews at twelve-month and thirty-six-month intervals following deal completion, to ensure that compliance is achieved in substance and not merely in form.

Admittedly, considerable scope remains for further inquiry. Future research should examine how the courts resolve merger-related disputes, how internal bank governance shapes merger outcomes, and how technology may enhance regulatory supervision. The central conclusion, however, is that Nigeria possesses a solid legal foundation: by drawing selectively on the UK and EU experience and

adapting what is suitable, it can construct a governance system that serves its banks, its investors, and the broader financial market.